

Presentation to Regents Committee on Audit and Compliance

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by **Bob Meister, President, Council of UC Faculty Associations**

I said this to the Regents Committee on Audit and Compliance. It was a “Regents” meeting in name only. Only two Regents were physically present (at least one more was on the phone). All of the other places at the table were taken by UCOP people, and they were clearly in control. Chris Rosen also spoke on behalf of CUCFA, and our position was strongly endorsed by Charlie Schwartz, Annie McClanahan (UCB Grad Student), Derrick Wortes (AFSCME) and Craig Flanery, speaking on behalf of AAUP. Although the rest of the committee meeting was supposedly public, we were ushered out after the comment period.

Wednesday, October 28, 2009

I'm Bob Meister, President of CUCFA, and I've come to request that you perform an audit. We want you to audit the source of repayment for all projects funded by General Revenue bonds.

The audit should address two questions:

- Are projects that earn no revenue, or insufficient revenue, partially repaid out of education fees?
- What other components of General Revenue have been diverted or increased to subsidize such projects if education fees (the largest component) are not being used?

Why should you, the Regents, audit yourselves? Because you have two policies that potentially conflict:

1. **Your construction finance policy:** Since 2004 you have issued bonds (now totaling \$5.8B) that are not backed by revenues from specific projects, but, rather, by UC's “General Revenues.” The pledge of General Revenues specifically includes “education fees” and allows their use to pay off bonds.
2. **Your student fee policy:** Your Student Fee Policy does not yet list construction among the permissible uses of “education fees.” This policy was not changed when “ed fees” were included in the General Revenue Pool pledged for construction.

Can UC prove that “ed fees” are not in fact used for construction by invoking your student fee policy? That's what President Yudof and VP Taylor have tried to do in recent statements to the press: they're citing your fee policy to prove they haven't violated it. But your construction finance policy now obligates you to turn over all fees, including “ed fees,” for bond repayment in certain circumstances. And you've also promised to raise fees, including “ed fees,” as high as necessary to avoid those circumstances. How can you ask students to assume that it's impossible to do what you've already promised to do?

You must perform an audit to prove that you haven't—at least, not yet. This should be easy. Your construction policy requires that every project funded by General Revenue Bonds indicate revenue sources for both collateral and repayment. Producing the documentation you required could show **you did everything possible to protect “ed fees” from being used for construction, even when no one was looking.**

What if you decline to audit? Many will then infer that you don't have documents that would back up the claims of President Yudof and VP Taylor—and that you, as Regents, didn't demand them before approving campus construction projects. You would then need to find some other way of **showing UC students that you care how their “ed fees” are used. Students have a right to know this before you raise their “ed fees” by another 32%.**

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